106TH CONGRESS
1ST SESSION

S. 1934

To amend the Internal Revenue Code of 1986 to allow a tax credit for business-provided student education and training.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 16, 1999

Mr. DODD (for himself and Mr. BENNETT) introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To amend the Internal Revenue Code of 1986 to allow a tax credit for business-provided student education and training.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Businesses Educating Students in Technology (BEST) Act''.

SEC. 2. FINDINGS.

Congress finds the following:

(1) Technological progress is the single most important determining factor in sustaining growth in the Nation's economy. It is estimated that techno-

logical innovation has accounted for as much as half the Nation's long-term economic growth over the past 50 years and will account for an even higher percentage in the next 50 years.

(2) The number of jobs requiring technological expertise is growing rapidly. For example, it is estimated that 1,300,000 new computer engineers, programmers, and systems analysts will be needed over the next decade in the United States economy. Yet, our Nation's computer science programs are only graduating 25,000 students with bachelor's degrees yearly.

(3) There are more than 350,000 information technology positions currently unfilled throughout the United States, and the number of students graduating from colleges with computer science degrees has declined dramatically.

(4) In order to help alleviate the shortage of graduates with technology-based education and skills, businesses in a number of States have formed partnerships with colleges, universities, community-technical schools, and other institutions of higher learning to give lectures, donate equipment, plan curricula, and perform other activities designed to

help students acquire the skills and knowledge needed to fill jobs in technology-based industries.

(5) Congress should encourage these partnerships by providing a tax credit to businesses that enter into them. Such a tax credit will help students obtain the knowledge and skills they need to obtain jobs in technology-based industries which are among the best paying jobs being created in the economy. The credit will also assist businesses in their efforts to develop a more highly-skilled, better trained workforce that can fill the technology jobs such businesses are creating.

SEC. 3. ALLOWANCE OF CREDIT FOR BUSINESS-PROVIDED STUDENT EDUCATION AND TRAINING.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business related credits) is amended by adding at the end the following:

"SEC. 45D. BUSINESS-PROVIDED STUDENT EDUCATION AND TRAINING.

''(a) ALLOWANCE OF CREDIT.—For purposes of section 38, the business-provided student education and training credit determined under this section for the taxable year is an amount equal to 40 percent of the qualified

student education and training expenditures of the taxpayer for such taxable year.

''(b) DOLLAR LIMITATION.—The credit allowable under subsection (a) for any taxable year shall not exceed $100,000.

''(c) DEFINITIONS.—For purposes of this section—

''(1) QUALIFIED STUDENT EDUCATION AND TRAINING EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified student education and training expenditure' means—

''(i) any amount paid or incurred by the taxpayer for the qualified student education and training services provided by any employee of the taxpayer, and

''(ii) the basis of the taxpayer in any tangible personal property contributed by the taxpayer and used in connection with the provision of any qualified student education and training services.

''(B) EXCLUSION FOR AMOUNTS FUNDED BY GRANTS, ETC.—The term 'qualified student education and training expenditure' shall not include any amount to the extent such amount

is funded by any grant, contract, or otherwise by another person (or any governmental entity).

''(2) QUALIFIED STUDENT EDUCATION AND TRAINING SERVICES.—

''(A) IN GENERAL.—For purposes of paragraph (1), the term 'qualified student education and training services' means technology-based education and training of students in any eligible educational institution in employment skills related to the trade or business of the taxpayer.

''(B) TECHNOLOGY-BASED EDUCATION AND TRAINING.—

''(i) IN GENERAL.—For purposes of subparagraph (A), the term 'technology-based education and training' means education and training in—

''(I) aerospace technology,

''(II) biotechnology,

''(III) electronic device technology,

''(IV) environmental technology,

''(V) medical device technology,

''(VI) computer technology or equipment, or

''(VII) advanced materials.

"(ii) DEFINITIONS.—For purposes of clause (i)—

"(I) AEROSPACE TECHNOLOGY.—The term 'aerospace technology' means technology used in the manufacture, design, maintenance, or servicing of aircraft, aircraft components, or other aeronautics, including space craft or space craft components.

"(II) BIOTECHNOLOGY.—The term 'biotechnology' means technology (including products and services) developed as the result of the study of the functioning of biological systems from the macro level to the molecular and sub-atomic levels.

"(III) ELECTRONIC DEVICE TECHNOLOGY.—The term 'electronic device technology' means technology involving microelectronics, semiconductors, electronic equipment, instrumentation, radio frequency, microwave, millimeter electronics, optical and optic-electrical devices, or data

and digital communications and imaging devices.

''(IV) ENVIRONMENTAL TECHNOLOGY.—The term 'environmental technology' means technology involving the assessment and prevention of threats or damage to human health or the environment, environmental clean-up, or the development of alternative energy sources.

''(V) MEDICAL DEVICE TECHNOLOGY.—The term 'medical device technology' means technology involving any medical equipment or product (other than a pharmaceutical product) which has therapeutic value, diagnostic value, or both, and is regulated by the Federal Food and Drug Administration.

''(VI) COMPUTER TECHNOLOGY OR EQUIPMENT.—The term 'computer technology or equipment' has the meaning given such term in section 170(e)(6)(E)(i).

''(VII) ADVANCED MATERIALS.—The term 'advanced materials' means materials with engineered properties created through the development of specialized processing and synthesis technology, including ceramics, high value-added metals, electronics materials, composites, polymers, and biomaterials.

''(C) ELIGIBLE EDUCATIONAL INSTITUTION.—For purposes of subparagraph (A), the term 'eligible educational institution' has the meaning given such term by section 529(e)(5).

''(d) SPECIAL RULES.—For purposes of this section—

''(1) AGGREGATION RULES.—All persons which are treated as a single employer under subsections (a) and (b) of section 52 shall be treated as a single taxpayer.

''(2) PASS-THRU IN THE CASE OF ESTATES AND TRUSTS.—Under regulations prescribed by the Secretary, rules similar to the rules of subsection (d) of section 52 shall apply.

''(3) ALLOCATION IN THE CASE OF PARTNERSHIPS.—In the case of partnerships, the credit shall

be allocated among partners under regulations prescribed by the Secretary.

''(f) NO DOUBLE BENEFIT.—No deduction or credit shall be allowed under any other provision of this chapter with respect to any expenditure taken into account in computing the amount of the credit determined under this section.''

(b) CONFORMING AMENDMENTS.—

(1) Section 38(b) of the Internal Revenue Code of 1986 is amended—

(A) by striking out ''plus'' at the end of paragraph (11),

(B) by striking out the period at the end of paragraph (12), and inserting a comma and ''plus'', and

(C) by adding at the end the following:

''(13) the business-provided student education and training credit determined under section 45D.''

(2) The table of sections for subpart D of part IV of subchapter A of chapter 1 of such Code is amended by adding at the end the following:

''Sec. 45D. Business-provided student education and training credit.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

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